UNAUDITED FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

DIRECTORS' STATEMENT

PERFORMANCE HIGHLIGHTS

Net Profit	J$2.03 billion, up 68%
Earnings per Stock Unit	J$1.24, up from J$0.72
Net Operating Revenue	J$7.7 billion, grew by 31.2%
Net Interest Income	J$3.26 billion, up 17.7%
Gains on Securities Trading	J$3.19 billion, up 52.4%
Efficiency Ratio	65.8%, 73.0% in 2015

The Directors are pleased to announce that the JMMB Group posted net profit of J$2.03 billion and earnings per share of J$1.24 for the six months ended 30 September 2016.

THE JMMB GROUP CEO'S COMMENTARY

As we reflect on the successful execution of the first half of this financial year, we remain steadfast in maximizing long term shareholder value through our Regional Integrated Financial Services Model. The recent approval from the Bank of Jamaica to upgrade the operations of the JMMB Merchant Bank in Jamaica to a commercial bank reinforces our drive to offer our clients a full suite of financial solutions, as well as our strategy to diversify our revenues both regionally and through our various business lines.

Our clients remain at the centre of all that we do as we offer financial partnership and simple, transparent solutions that are oriented around their life goals. Our one Group, one client, one experience philosophy has allowed us to successfully navigate the past six months and will continue to drive the effective execution of our strategy in the future.

GROUP FINANCIAL PERFORMANCE

Net Operating Revenue

The JMMB Group posted net operating revenue of J$7.70 billion for the first six months ended September 30, 2016. This corresponded to a 31% increase when compared to the prior year and resulted from growth in all business lines, namely net gains on securities trading, net interest income, fee and commission income, and net foreign exchange trading.

Gains on securities trading, net grew by 52% or J$1.10 billion to J$3.19 billion. Trading activity increased in the second quarter on account of bullish sentiments on Emerging Market (EM) assets given the outlook for Fed rates as well as negative interest rates in Europe arising from Brexit. In August, there was a tender offer by the Government of Jamaica for its 2017 and 2019 Global bonds which was favourable for our portfolios. Following the tender offer, market liquidity increased which resulted in higher levels of trading.

The Group's net interest income (NII) rose by 18% or J$491 million to J$3.26 billion relative to the prior period. This was due to larger loan and investment portfolios as well as higher spreads.

Fees and commission income grew by 26% or J$113M to J$554.3 million when compared to the prior period. There was significant growth in the suite of managed funds and collective investment schemes across the Group. Additionally, loan fees increased given the material growth in the loan portfolio.

Net foreign exchange trading revenue increased by 23% or J$127.3 million to J$689.3 million, relative to the prior period. This was on account of increased volume activity across the region coupled with a one-off market opportunity in the first quarter.

Country Contribution

Consistent with the Group's strategy to diversify revenue across the region, the table below shows the contribution to net operating revenue from each jurisdiction.

Net Operating Revenue (in J$'000)	30-Sep-16	30-Sep-15	Growth	Growth (%)
Jamaica	5,928,089	4,361,409	1,566,680	36%
Trinidad & Tobago	1,179,879	1,010,786	169,093	17%
Dominican Republic	588,679	495,969	92,710	19%
Total	**7,696,647**	**5,868,164**	**1,828,483**	**31%**

Net operating revenue grew substantially in all the territories. However, due to increased trading activities in Jamaica, a smaller proportion of revenue was generated outside of Jamaica in this period (2016: 23% and 2015: 26%). In Trinidad and Tobago, there was a 17% increase in operating revenue on account of the core banking business. While, our operations in the Dominican Republic grew by 19% and reflected in part the growth of our asset management and mutual funds business lines.

Operating Efficiency

Our efficiency ratio (operating expenses/net operating revenue) was 65.8% at the end of the first half of the financial year. This compared favourably with 73% in the prior period. Operating expenses for the first six months totalled J$5.08 billion and was 18% higher than the corresponding period a year ago and reflected a confluence of factors. We continued to enhance our integrated Group sales and support frameworks to drive growth and to ensure seamless and standardized operations across the region. Additionally, there were start-up costs in Dom Rep and inflationary increases in all territories.

GROUP FINANCIAL POSITION

Total Assets

At the end of September 2016, the JMMB Group's asset base totalled J$247.42 billion, up J$16.81 billion or 7% relative to end-March 2016. The growth was due primarily to larger investment and loan portfolios. The investment portfolio increased by J$11.95 billion or 8% to J$169.14 billion. In addition, loans and advances, net of provision for credit losses was J$43.01 billion, up 15% or J$5.56 billion. The credit quality of the portfolio continues to perform well against international standards.

The growth in the asset base was funded by customer deposits and repurchase agreements. Customer deposits increased by J$4.46 billion or 11% to J$45.75 billion, while repurchase agreements were 3% higher at J$153.76 billion.

Capital

The Group continued to be adequately capitalized as its capital base increased by 21% or J$4.70 billion to end the period at J$27.42 billion when compared to the end of the last financial year. This was due in part to net profits generated over the period. The individually regulated companies within the Group continued to exceed the regulatory capital requirements. The regulatory ratios for major subsidiaries in the Group are shown in the table below.

Company	Regulatory Ratio	Minimum Requirement	30-Sep-16
Jamaica Money Market Brokers Limited	Regulatory capital to risk weighted assets ratio	10%	17.22%
JMMB Merchant Bank Limited	Regulatory capital to risk weighted assets ratio	10%	18.13%
JMMB Bank (T&T) Limited formerly, Intercommercial Bank Limited	Regulatory capital to risk weighted assets ratio	10%	18.68%
Intercommercial Trust and Merchant Bank Limited	Regulatory capital to risk weighted assets ratio	10%	123.51%
JMMB Puesto de Bolsa, S.A.	Minimum capital	RD$5 million	RD$1,229 million

Funds under Management

In alignment with the Group's strategy of migrating assets off balance sheet, clients' funds managed on a non-recourse basis under a management agreement was J$99.03 billion as at the end of September 2016 compared to J$72.11 billion as at end of September 2015.

Corporate Social Responsibility

In keeping with JMMB Group's vision of love to be actively and publicly involved in charitable and voluntary activities within the society as a social responsibility institution; the Group continued to support several educational, entrepreneurial and transformational initiatives in the countries in which it operates.

Jamaica

Through the Joan Duncan Foundation, approximately J$6.2 million in scholarships were awarded to eighty-four (84) students at the tertiary, secondary and primary level to assist with tuition, books and other school-related expenses. In addition, thus far, the Foundation has actively engaged 17 schools as part of its national transformation project, Conversations for Greatness programme.

Additionally, the Foundation partnered with USAID, Organization of American States (OAS) and Junior Achievement Jamaica to provide entrepreneurial micro-grants to jumpstart the businesses of twenty-one (21) participants in "A New Path: Promoting a Healthy Environment and Productive Alternative for Juvenile Remandees and Offenders in Jamaica " Overall, the year's programme has assisted approximately 50 rehabilitated youth offenders through micro-grants, on the job training and internship opportunities. The Foundation also continued to offer ongoing support to other entrepreneurial and community outreach efforts.

Dominican Republic

The JMMB Group spearheaded an initiative to provide donations to assist in the back-to-school preparations for Madelaes and Casa Nuestra Senora de La Altagracia, which houses orphaned children. Additionally, the Group continued to provide financial support to the Innovation and Entrepreneurship Tournament held by the Universidad Nacional Pedro Henriquez Urena Centre (UNPH). The Group also established an alliance with the university's SBDC to provide assistance to small and medium size businesses.

Trinidad and Tobago

JMMB Group's corporate social responsibility efforts have been reaffirmed in Trinidad & Tobago with focus being placed on youth development, education and community outreach. In addition to other community outreach initiative, team members with the financial support of the JMMB Group assisted with back-to-school efforts at four children's home.

General

The Directors thank and acknowledge all our loyal, supportive and valuable stakeholders who continue to contribute to our ongoing success.

Noel A. Lyon	**Keith P. Duncan**
Chairman	**Group Chief Executive Officer**

JMMB GROUP LIMITED

Consolidated Profit and Loss Account

Period ended 30 September 2016

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 Sep 16	Unaudited Three Months Ended 30 Sep 15	Unaudited Six Months Ended 30 Sep 16	Unaudited Six Months Ended 30 Sep 15
	$'000	**$'000**	**$'000**	**$'000**
Net Interest Income and Other Revenue				
Interest income	3,640,013	3,242,123	7,257,465	6,524,092
Interest expense	(1,925,936)	(1,909,875)	(3,997,180)	(3,754,814)
Net interest income	**1,714,077**	**1,332,248**	**3,260,285**	**2,769,278**
Fees and commission income	256,573	250,783	554,294	441,316
Gains on securities trading, net	2,072,768	869,863	3,192,724	2,095,557
Foreign exchange trading, net	234,390	305,020	689,344	562,013
Operating revenue net of interest expense	**4,277,808**	**2,757,914**	**7,696,647**	**5,868,164**
Other Income				
Dividends	1,888	7,338	17,582	12,748
Other	7,019	-	8,232	
	4,286,715	**2,765,252**	**7,722,461**	**5,880,912**
Operating Expenses	(2,502,873)	(2,031,422)	(5,081,581)	(4,292,803)
Profit before Taxation	**1,783,842**	**733,830**	**2,640,880**	**1,588,109**
Taxation	(347,029)	(126,167)	(610,686)	(377,523)
Profit for the period	**1,436,813**	**607,663**	**2,030,194**	**1,210,586**
Attributable to:				
Equity holders of the parent	**1,431,620**	**596,142**	**2,022,114**	**1,181,931**
Non-controlling interest	**5,193**	**11,521**	**8,080**	**28,655**
	1,436,813	**607,663**	**2,030,194**	**1,210,586**
Earnings per stock unit	**$0.88**	**$0.37**	**$1.24**	**$0.72**

JMMB GROUP LIMITED

Consolidated Statement of Comprehensive Income

Period ended 30 September 2016

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 Sep 16	Unaudited Three Months Ended 30 Sep 15	Unaudited Six Months Ended 30 Sep 16	Unaudited Six Months Ended 30 Sep 15
	$'000	**$'000**	**$'000**	**$'000**
Profit for the period	1,436,813	607,663	2,030,194	1,210,586
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
Unrealised gains/(loss) on available for sale investments	2,368,210	(1,360,307)	2,788,010	(1,062,956)
Foreign exchange translation differences	34,455	(93,475)	179,440	(47,169)
	2,402,665	(1,453,782)	2,967,450	(1,110,125)
Total comprehensive income for period, net of tax	**3,839,478**	**(846,119)**	**4,997,644**	**100,461**
Total comprehensive income attributable to:				
Equity holders of the parent	3,735,149	(730,211)	4,914,369	105,723
Non-controlling interest	104,329	(115,908)	83,275	(5,262)
	3,839,478	**(846,119)**	**4,997,644**	**100,461**

JMMB GROUP LIMITED

Consolidated Statement of Financial Position

Six-month period ended 30 September 2016

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 30 Sep 16	Unaudited as at 30 Sep 15	Audited as at 31 March 16
	$'000	**$'000**	**$'000**
ASSETS			
Cash and cash equivalents	24,980,805	23,565,829	25,509,721
Interest receivable	2,666,718	2,500,579	2,677,626
Income tax recoverable	1,279,371	1,898,890	1,446,489
Loans and notes receivable, net of provision	43,009,034	35,630,011	37,450,257
Other receivables	1,663,610	1,699,735	1,791,238
Investments and resale agreements	169,144,371	154,329,497	157,197,596
Investment properties	457,591	457,591	457,591
Deferred tax asset	40,942	98,540	165,892
Property, plant and equipment and intangible assets	3,966,442	3,566,263	3,787,254
Customers' liability under acceptances, guarantees and letters of credit as per contra	207,898	56,595	123,622
	247,416,782	**223,803,530**	**230,607,286**
EQUITY AND LIABILITIES			
Equity			
Share Capital	1,864,554	1,864,054	1,864,554
Retained earnings reserve	9,605,055	9,605,055	9,605,055
Investment revaluation reserve	3,896,571	1,022,588	1,152,069
Cumulative translation reserve	188,908	(170,778)	41,155
Retained earnings	10,990,098	8,488,630	9,261,483
	26,545,186	20,809,549	21,924,316
Non-controlling interest	875,540	753,088	792,265
Total equity	**27,420,726**	**21,562,637**	**22,716,581**
Liabilities			
Customer deposits	45,753,074	40,928,065	41,296,373
Due to other banks	455,838	518,564	499,166
Notes payable	5,151,238	4,262,085	4,414,355
Securities sold under agreements to repurchase	153,761,344	146,562,729	149,262,369
Redeemable preference shares	8,827,723	4,228,705	8,556,784
Interest payable	1,288,829	1,220,567	1,170,402
Income tax payable	255,540	425,276	117,795
Other payable	2,549,900	3,306,811	1,772,308
Deferred tax liability	1,744,672	731,496	677,531
Liabilities under acceptances, guarantees and letters of credit as per contra	207,898	56,595	123,622
	219,996,056	**202,240,893**	**207,890,705**
	247,416,782	**223,803,530**	**230,607,286**

JMMB GROUP LIMITED

Consolidated Statement of Changes in Stockholders' Equity

Six-month period ended 30 September 2016

(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Retained Earnings Reserve	Investment Revaluation Reserve	Cumulative Translation Reserve	Retained Earnings	Attributable to Equity holders of the Parent	Non-Controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balances at 31 March 2015 (Audited)	**1,864,054**	**9,605,055**	**2,037,032**	**(109,014)**	**7,567,587**	**20,964,714**	**758,350**	**21,723,064**
Profit for the period	-	-	-	-	1,181,931	1,181,931	28,655	1,210,586
Other comprehensive income for period	-	-	(1,014,444)	(61,764)	-	(1,076,208)	(33,917)	(1,110,125)
Dividends paid	-	-	-	-	(260,888)	(260,888)	-	(260,888)
Balances at 30 September 2015 (Unaudited)	**1,864,054**	**9,605,055**	**1,022,588**	**(170,778)**	**8,488,630**	**20,809,549**	**753,088**	**21,562,637**
Balances at 31 March 2016 (Audited)	**1,864,554**	**9,605,055**	**1,152,069**	**41,155**	**9,261,483**	**21,924,316**	**792,265**	**22,716,581**
Profit for the period	-	-	-	-	2,022,114	2,022,114	8,080	2,030,194
Other comprehensive income for period	-	-	2,744,502	147,753	-	2,892,255	75,195	2,967,450
Dividends paid	-	-	-	-	(293,499)	(293,499)	-	(293,499)
Balances at 30 September 2016 (Unaudited)	**1,864,554**	**9,605,055**	**3,896,571**	**188,908**	**10,990,098**	**26,545,186**	**875,540**	**27,420,726**

JMMB GROUP LIMITED
Consolidated Statement of Cash Flows
Six-month period ended 30 September 2016
(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Six Months Ended 30 Sep 16	Unaudited Six Months Ended 30 Sep 15
	$'000	**$'000**
Cash Flows from Operating Activities		
Profit for the period	2,030,194	1,210,586
Adjustments for:		
Unrealised gains on trading securities	(68,830)	(29,185)
Depreciation and amortisation	234,118	248,007
	2,195,482	1,429,408
Changes in operating assets and liabilities	6,149,285	1,468,273
Net cash provided by operating activities	**8,344,767**	**2,897,681**
Cash Flows from Investing Activities		
Net purchase of investment securities	(8,910,495)	2,255,556
Acquisition of subsidiary net of cash acquired	-	10,497
Purchase of property, plant and equipment and computer software	(406,572)	(568,706)
Net cash (used in)/provided by investing activities	**(9,317,067)**	**1,697,347**
Cash Flows from Financing Activities		
Notes payable	736,883	559,301
Dividends paid	(293,499)	(260,888)
Net cash provided by financing activities	**443,384**	**298,413**
Net (decrease)/increase in cash and cash equivalents	**(528,916)**	**4,893,441**
Cash and cash equivalents at beginning of year	**25,509,721**	**18,672,388**
Cash and cash equivalents at end of period	**24,980,805**	**23,565,829**

Segment Reporting

	Six months period ended 30 September 2016				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
External revenues	8,767,810	2,887,951	63,879	-	11,719,640
Intersegment revenue	421,101	178,278	2,226	(601,605)	-
Total segment revenue	9,188,911	3,066,229	66,105	(601,605)	11,719,640
Profit before taxation	2,018,464	622,283	133	-	2,640,880
Taxation					(610,686)
Profit for the period					2,030,194
Total segment assets	224,923,866	70,323,426	1,081,265	(48,911,775)	247,416,782
Total segment liabilities	199,090,940	58,949,495	1,022,085	(39,066,464)	219,996,056
Interest income	5,309,480	1,945,718	2,267	-	7,257,465
Operating expenses	3,332,295	1,683,314	65,972	-	5,081,581
Depreciation and amortisation	163,832	67,830	2,456	-	234,118
Capital expenditure	264,668	141,904	-	-	406,572

Segment Reporting

	Six months period ended 30 September 2015				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
External revenues	7,370,168	2,199,705	65,853	-	9,635,726
Intersegment revenue	217,509	88,173	4,946	(310,628)	-
Total segment revenue	7,587,677	2,287,878	70,799	(310,628)	9,635,726
Profit before taxation	1,259,118	328,275	716	-	1,588,109
Taxation					(377,523)
Profit for the period					1,210,586
Total segment assets	193,192,574	61,324,038	1,173,610	(31,886,692)	223,803,530
Total segment liabilities	171,444,077	52,193,172	1,111,825	(22,508,181)	202,240,893
Interest income	4,899,069	1,624,149	874	-	6,524,092
Operating expenses	2,958,482	1,263,518	70,803	-	4,292,803
Depreciation and amortisation	214,914	30,136	2,957	-	248,007
Capital expenditure	458,946	109,760	-	-	568,706

(Expressed in Jamaican dollars unless otherwise indicated)

1. Identification

JMMB Group Limited (the "company") is incorporated and domiciled in Jamaica. The registered office of the company is located at 6 Haughton Terrace, Kingston 10, Jamaica. The principal activity of the Company is that of holding equity investments in business enterprises.

JMMB Group Limited has interest in several subsidiaries which are listed below. The Company and its subsidiaries are collectively referred to as "Group".

Name of Subsidiary	% Shareholding Held by Parent/Subsidiary		Country of Incorporation	Principal Activities
	Parent	Subsidiary		
JMMB Merchant Bank Limited	100		Jamaica	Merchant Banking
JMMB Money Transfer Limited	100		Jamaica	Funds transfer
Jamaica Money Market Brokers Limited and its subsidiaries	100		Jamaica	Securities brokering
JMMB Securities Limited		100	Jamaica	Stock brokering
JMMB Insurance Brokers Limited		100	Jamaica	Insurance brokering
JMMB Real Estate Holdings Limited		100	Jamaica	Real estate holding
Capital & Credit Securities Limited		100	Jamaica	Investment holding
JMMB Fund Managers Limited		100	Jamaica	Fund management
JMMB International Limited		100	St. Lucia	Investment holding and management
Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its subsidiaries	100		Trinidad and Tobago	Investment holding company
JMMB Investments (Trinidad and Tobago) Limited and its subsidiary		100	Trinidad and Tobago	Securities brokering
JMMB Securities (T&T) Limited		100	Trinidad and Tobago	Stock brokering
JMMB Bank (T&T) Limited, formerly Intercommercial Bank Limited and its subsidiary,		100	Trinidad and Tobago	Commercial banking
Intercommercial Trust and Merchant Bank Limited		100	Trinidad and Tobago	Merchant banking
JMMB Holding Company Limited, SRL and its subsidiaries	100		Dominican Republic	Investment holding and management
JMMB Puesto de Bolsa,S.A.		80	Dominican Republic	Securities brokering
JMMB Sociedad Administradora De Fondos De Inversion, S.A.		70	Dominican Republic	Mutual fund administration
Banco Rio De Ahorro Y Credito JMMB Bank S.A		90	Dominican Republic	Savings and loans bank
AFP JMMB BDI S.A.		50	Dominican Republic	Pension funds administration services

1. Summary of Significant Accounting Policies

(a) Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, as well as investment properties.

There have been no changes in accounting policies since the most recent audited accounts as at 31 March 2016.

All amounts are stated in Jamaican dollars unless otherwise indicated.

(b) Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the company and its subsidiaries presented as a single economic entity.

Subsidiaries are all entities over which the company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity. Subsidiaries are consolidated from the date on which control is attained by the Group. They are no longer consolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries are consistent with those of the Group.

The Group uses the acquisition method of accounting for business combinations. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of revenue and expenses.

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments

General

A financial instrument is any contract that gives rise to a financial asset of one enterprise and financial liability or equity instrument of another enterprise.

Classification of financial instruments

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

Management determines the appropriate classification of investments at the time of purchase, taking account of the purpose for which the investments were purchased. The Group classifies non-derivative financial assets into the following categories:

Loans and receivables: This comprises securities acquired, loans granted with fixed or determinable payments and which are not quoted in an active market.

Held-to-maturity: This comprises securities with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity.

Fair value through profit or loss: This comprises securities that the Group acquires for the purpose of selling or repurchasing in the near term, or that it holds as part of a portfolio that is managed together for short-term profit or position taking, or that it designates as such at the time of acquisition.

Available-for-sale: The Group's financial instruments included in this classification are securities with prices quoted in an active market or for which the fair values are otherwise determinable, and which are designated as such upon acquisition or not classified in any of the other categories.

(i) Cash and cash equivalents

Cash comprises cash in hand, demand and call deposits with banks and very short-term balances with other brokers/dealers. Cash equivalents are highly liquid financial assets that are readily convertible to known amounts of cash (that is, with original maturities of less than three months), which are subject to insignificant risk of changes in value, and are used for the purpose of meeting short-term commitments. Cash and cash equivalents are measured at cost.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

(ii) Investment securities

Investment securities are classified, recognised/derecognised and measured in the manner set out for financial assets under "General" in this note 2(c) above.

(iii) Resale and repurchase agreements

Transactions involving purchases of securities under resale agreements ('resale agreements' or reverse repos') or sales of securities under repurchase agreements ('repurchase agreements' or 'repos) are accounted for as short-term collateralised lending and borrowing, respectively. Accordingly, securities sold under repurchase agreements remain on the statement of financial position and are measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. Securities purchased under resale agreements are reported not as purchases of the securities, but as receivables and are carried in the statement of financial position at amortised cost. It is the policy of the Group to obtain possession of collateral with a market value in excess of the principal amount loaned under resale agreements.

Interest earned on resale agreements and interest incurred on repurchase agreements is recognised as interest income and interest expense, respectively, over the life of each agreement using the effective interest method.

(iv) Loans and notes receivable and other receivables

Loans and notes receivable and other receivables are measured at amortised cost less allowance for impairment.

(v) Account payable

Accounts payable are measured at their amortised cost.

(vi) Interest-bearing borrowings

Interest-bearing borrowings [other than repos, which are described in Note 2(c) (iii)] are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption recognised in the profit or loss over the period of the borrowings on an effective yield basis.

(vii) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss. Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss. Separated embedded derivatives are presented in the statement of financial position together with the host contract.

2. Summary of Significant Accounting Policies (Continued)

(d) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

Property, plant and equipment, with the exception of freehold land and paintings, on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Freehold buildings	2½% - 5%
Leasehold improvements	The shorter of the estimated useful life and the period of the lease
Motor vehicles	20%
Computer equipment	20% - 25%
Other equipment, furniture and fittings	10% - 20%

The depreciation method, useful lives and residual values are reassessed at each reporting date.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are recognised at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs meeting the criteria of IAS 38, are not capitalised and the expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for an intangible asset with a finite useful life is reviewed at a minimum at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss. Intangible assets with infinite useful lives are measured at cost less impairment losses. They are assessed for impairment at least annually.

(i) Computer software

Computer software is measured at cost, less accumulated amortisation and impairment losses. Amortisation is charged on the straight-line basis over the useful lives of the assets ranging from 20% to 25% per annum, from the date it is available for use.

2. Summary of Significant Accounting Policies (Continued)

(e) Intangible assets (continued)

(ii) Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the cost is less than the fair value (negative goodwill), it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses and is assessed for impairment at least annually.

(iii) Customer list

Acquired customer lists are measured initially at historical cost. Customer lists have a finite useful life and are measured at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the expected retention period with the Group, which ranges from 8 to 15 years.

(iv) Licences

These assets represent the value of JMMB Securities Limited's seat on the Jamaica Stock Exchange and the banking licence and securities licence acquired for Intercommercial Bank Limited and AIC Securities Limited, which have indefinite useful lives. These assets are tested for impairment annually, and whenever there is an indication that the asset may be impaired, the carrying amount is reduced to the recoverable amount.

(v) Other intangibles

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency.

2. Summary of Significant Accounting Policies (Continued)

(f) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in profit or loss (applicable for trading securities), or within other comprehensive income if non-monetary financial assets are classified as available-for-sale. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rates at the date of that statement;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

(g) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary. Dividends thereon are recognised as interest in profit or loss.

The Group's redeemable preference shares are redeemable on specific dates, and bear entitlements to distributions that are cumulative, and not at the discretion of the directors. Accordingly, they are presented as financial liability.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

2. Summary of Significant Accounting Policies (Continued)

(h) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income in which case it is also recognised in other comprehensive income.

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

(ii) Deferred income tax

Deferred income tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Impairment

The carrying amounts of the Group's assets, except for deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists for any asset, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified to profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Group's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2. Summary of Significant Accounting Policies (Continued)

(i) Impairment (continued)

(ii) Reversals of impairment

An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss, but through other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Revenue recognition

Revenue is income that arises from the ordinary activities of the Group. The principal types of revenue and the manner in which they are recognised are as follows:

(i) Interest income

Interest income is recorded on the accrual basis. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-earning instrument and its amount at maturity calculated on the effective interest rate basis. When financial assets become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount, which is the original effective interest rate of the instrument calculated at the acquisition or origination date.

(ii) Fees and commissions

Fee and commission income are recognised on the accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognised over the period in which the service is provided. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

(iii) Dividends

Dividend income is recognised when the right to receive payment is irrevocably established.

2. Summary of Significant Accounting Policies (Continued)

(k) Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, vacation leave; non-monetary benefits such as medical care; post-employments benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below. Other long-term benefits are not considered material and are charged off when incurred.

Pensions are the Group's only post-employment benefit. Pension fund costs included in Group profit or loss represent contributions to the defined-contribution funds which the Group operates to provide retirement pensions for the Group's employees (Note 30). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged off when due.

(l) Operating leases

Payments made under operating leases are recognised in profit or loss on the straight line basis over the terms of the leases.

(m) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Board of Directors.

(n) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability.

(o) Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(p) Investment properties

Investment properties are held for rental yields and fair value gains. Investment properties are treated as a long-term investment and are carried at fair value. Fair value is determined every third year by an independent professional valuer, and in each of the two intervening years by the directors. Changes in fair values are recognised in profit or loss. Rental income from investment properties is recognised in profit or loss on the straight line basis over the tenor of the lease.

(q) Comparative Information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

2. Summary of Significant Accounting Policies (Continued)

(r) Earnings per stock unit

Earnings per stock unit (“EPS”) is computed by dividing profit attributable to the equity holders of the parent of J$2,022,114,000 (2015 – J$1,181,931,000) by the weighted average number of stock units in issue during the period, numbering 1,630,552,532 (2015 – 1,630,552,530).

(s) Managed funds

The company acts as agent and earns fees for managing clients’ funds on a non-recourse basis under a management agreement. At 30 September 2016, funds managed in this way amounted to J$99,029,354,000 (2015 – J$ 72,112,558,000).